

Moral Identity as Leverage Point in Teaching Business Ethics

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Abstract

This paper examines whether appealing to learners' moral identity makes a significant contribution to improving their ethical decision making beyond traditional, rule-based teaching. In response to criticisms leveled at rule-based ethics teaching by alternative approaches, we identify moral identity theory and experiments in moral psychology as useful sources to draw on for the creation of a new, identity-based ethics teaching approach. We develop and apply a set of regular self-reflection focused writing tasks added to the traditional teaching program over a one-semester period, and assess the outcomes of an overall sample of 149 postgraduate business school students, who were randomly assigned to one of three conditions: exposure to

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both identity-based tasks and rule-based teaching, exposure to rule-based teaching only, and the control condition (i.e., no exposure to ethics teaching). Our findings show that, while the three groups reported the same level of ethical decision making at the beginning of the semester, at the end of the semester the students who were exposed to both identity-based and rule-based teaching reported higher level of ethical decision making compared to those who were only exposed to rule-based education. In addition, the students who received rule-based teaching reported higher ethical decision making compared to those in the control condition. These results suggest that a teaching approach which appeals to the learner's moral identity can act as an effective leverage point when complementing rule-based teaching. This simple approach should be widely adopted as common practice in graduate business schools.

Keywords

Business ethics education, ethical decision making, identity-based teaching, moral identity, self-reflection

Introduction

In the past few decades, we have witnessed recurring business and financial scandals (e.g., Lehman Brothers' leveraging practices, or the BP oil spill), leading to severe impacts on people, society, and the environment. One of the key factors that led to such disasters is clearly the unethical decisions of business leaders (Donaldson **2012**; Friedman and Friedman **2010**).

Thus to effectively manage ethical issues in business practices it is important to improve managers' ability to make ethical decisions (Tenbrunsel and Smith-Crowe **2008**; Treviño **1992**; Treviño et al. **2006**). From the perspective of business ethics education providers (e.g., ethics courses in business schools), one way to contribute to the improvement of ethical decision-making in business organizations is to help the students involved in these programs to develop the ability and willingness to make more ethical decisions (Carlson and Burke **1998**; Cooke and Ryan **1988**; Treviño **1986**), so that when they graduate and enter the workforce they could help promote more ethical business decisions and practices.

Unfortunately and ironically, university business schools have been considered responsible for not producing more ethical managers and entrepreneurs (Ghoshal **2005**; Halbesleben et al. **2005**; Khurana **2007**), and even for being part of the problem (Gioia **2002**; Etzioni **2002**). For example, it has been found that business school graduates are more likely to engage in ethically questionable behaviors such as cheating compared to the graduates of other majors (McCabe et al. **2006**; McCabe and Treviño **1995**).

Some of the reasons why business graduates make more unethical decisions could be partially attributed to inadequacies in the dominant, traditional paradigm of rule-based ethics teaching (Mele **2005**; Crossan et al. **2012**). Consequently, the development of andragogic approaches to ethics has attracted much attention from researchers and teachers of ethics from a wide variety

of theoretical perspectives. Amidst this richness of ideas and suggestions for comprehensive solutions, we propose that a teaching approach that focuses on the nurturing of a key construct in moral psychology, namely moral identity, could add to the effectiveness of business ethics teaching in significant ways. We developed a moral identity focused teaching procedure based on moral psychology, and tested in an experimental study the effectiveness of this teaching procedure in improving students' ethical decision-making as compared to rule-based teaching.

This study contributes to the theory of business ethics teaching by introducing moral identity, a well-researched construct from moral psychology, to the debate over and exploration of novel teaching procedures in the literature of business ethics teaching, adding to the richness and scope of theoretical perspectives. More importantly, although many alternative approaches to ethics teaching have been theoretically proposed, few of them have been tested empirically. This study is the first to test the effectiveness of moral identity based procedure to examine whether approaches other than rule-based teaching could indeed add to teaching effectiveness in enhancing students' ethical decision-making. Finally, this study is important to business ethics teachers because it provides them with an effective tool that could lead to a variety of positive teaching outcomes. Our findings suggest that appeal to moral identity may function as a significant leverage point in teaching business ethics. From a chaos-complexity perspective, leverage points have been defined as "places in the system where a small change could lead to a large shift in behaviour" (Meadows **2009**, p. 1). Consequently, by leverage point we understand a teaching factor which requires small changes when implemented but whose impact on the learning process is extensive.

The next section of this paper explains how the critical literature review has documented our research, indicates why moral identity theory and experimental psychology can be valuable sources of inspiration, and defines the study's contribution. This section is followed by a

detailed presentation of our research method, which includes descriptions of the sample, procedures and materials used, and a discussion of our findings. In the “**General Discussion**” section, we place these findings within a broader perspective, elaborate on their implications for theory and practice, outline the limitations of the study, and suggest several directions for further research. Finally, a brief conclusion draws on our discussion outcomes to provide an integrated response to the above research question.

Rule-Based Ethics Education as Dominant Paradigm: A Critical Evaluation

To better ascertain the contribution of moral identity-focused teaching to existing practices, we undertake a critical review of the scope and limitations of traditional, rule-based teaching. We refer to rule-based ethics teaching as a moral philosophy and ethical theory led approach which may include reference to and application of industry-based codes of ethics and professional standards. We note that, in the rule-based paradigm, the preferred ethical theories are principle-based, e.g., consequentialist theories, or deontological theories of duties, rights or justice; as opposed to virtue ethics, ethics of care or discourse ethics – which represent more context-oriented approaches to ethical reasoning and behavior.

Reactions to outcomes derived from the traditional approach have been mixed. Some studies report positive and encouraging results (e.g., Gautschi and Jones **1998**; Lowry **2003**; Ruegger and King **1992**; Sims **2002a**; Weber and Glyptis **2000**) and are generally optimistic about the approach (e.g., Traiser and Eighmy **2011**; Williams and Dewett **2005**). For example, some studies have found that rule-based ethics teaching methods could improve ethical decision making to some extent (Ritter **2006**; Svanberg **2011**). It has also been argued that rule-based teaching is likely to provide a higher level of objectivity and predictability, which are often valued in managerial decision making (Maclagan **2012**).

However, others (e.g., Lane et al. **1988**) question the efficacy of this teaching process. For example, Cole and Smith (**1995**) found that business ethics courses, largely understood as prescriptive, did not improve the responses of students asked to accept or reject questionable ethical responses in given scenarios. Moreover, Davis and Welton (**1991**) discovered that formal ethics training played a negligible role in the ethical development of participants in graduate programs. Similarly, Jewe (**2008**), Peppas and Diskin (**2001**) and Wynd and Mager (**1989**) found that formal ethics education did not significantly change the ethical attitudes of business students.

The main explanations suggested by these studies are that basic moral values are formed over a longer period of time than the span of formal training in universities (Peppas and Diskin **2001**; Jewe **2008**), and that only emotional involvement is likely to trigger significant changes (Wynd and Mager **1989**). In this context, it has been argued that formal ethics teaching programs tend to be too abstract for students to be able to contextualize rules successfully (Rabouin **1997**). This corroborates with the findings of moral psychologists that rule prescription is often too general, inflexible and removed from the personal experiences of individuals to be able to motivate them into engagement (Edelstein and Krettenauer **2004**; Nisan **2004**).

We note that this concrete-abstract/personal-impersonal divide which occurs in the business ethics education processes appears to foreshadow a more general behavioral problem described by psychologists as the “judgment-action gap in moral functioning” (Walker **2004**, p. 1), namely the propensity to identify ethical issues in a situation and yet not reflect that knowledge in subsequent decision making processes (Blasi **1983, 1984, 1995**). Indeed, one of the main reasons invoked for the occurrence of this gap, by psychologists and educators alike, is the lack of personal involvement in the transfer of a general rule to a particular context, usually because

neither the rule nor the context resonate with the moral agent's life experiences (Nyberg **2007**). This gap is often perceived as an important obstacle in ethics education (MacLagan **2012**; Schmidt et al. **2013**).

As suggested by a variety of alternative approaches, focus on personal experience, self-reflection and self-regulation (based on autonomy of judgment) may sharpen ethical decision making through a more effective engagement with the context. Some more prominent examples of such approaches are teaching virtue ethics and character building (Crossan et al. **2012**; Griffin **2012**; Mele **2005**; Mintz **1996**; Sauser and Sims **2012**), engaging students in service learning (Fleckenstein **1997**; Hoyt **2008**; Kracher **1998**; Sims **2002b**), employing a feminist or ethics of care perspective (Duncan and Jones **2012**; Rabouin **1997**), exploring sensemaking processes (Brock et al. **2008**; Waples and Antes **2011**), and facilitating moral imagination (Bowie and Werhane **2005**; Ravenscroft and Dillard **2008**).

While a detailed discussion of this literature is beyond the scope of this paper, we highlight Brinkmann and Sims' (**2001**) point that, without self-reflection, rule-based learning is nothing more than "superficial indoctrination" (p. 175), i.e., the uncritical adoption of external perspectives likely to be discarded as soon as more personalized motivations take hold. Consequently, exposure to ethical issues should be "on the students' own premises" (p. 175). This suggestion, in the context of developing measurable means to strengthen self-reflection in particular, has led us to consider moral identity theory (Aquino and Reed **2002**; Blasi **1984**) as an important source of inspiration for ways to improve ethical decision making through activities centered on the learner's personal connection and involvement.

The Psychology of Moral Identity: Lessons for Business Ethics Education

Moral identity refers to the relative importance assigned by individuals to being a moral person within their overall self-identity (Aquino and Reed **2002**). Aquino and Reed (**2002**) empirically demonstrated that, similar to the way individuals organize their social identities (e.g., gender, ethnicity, political affiliation), individuals also organize their self-conception as a moral person around a set of most common moral traits (e.g., honest, fair, helpful, etc.). Although this self-conception as a moral person can be invoked in most individuals (i.e., most individuals can imagine how a moral person would think and act), the relative importance of this moral self-conception within their overall self-conception may differ. In other words, some individuals may perceive being a moral person to be central to their overall self-concept (i.e., they are high in moral identity), while others may regard it as being peripheral to their overall self-concept (i.e., they are low in moral identity).

When being a moral person has been internalized and integrated into one's identity and thus occupies a central position in an individual's self-concept, one is more likely to behave morally (Blasi **2005**; Bergman **2004**; Damon **1984**; Hardy **2006**; Hardy and Carlo **2005**). Otherwise, one will suffer cognitive dissonance and emotional discomfort (Blasi **2004**; Festinger **1957**) and a strong threat to one's identity (Bergman **2004**). Indeed, accumulated empirical evidence supports this view: compared to individuals who are low in moral identity, those high in moral identity donate more to charity (Aquino and Reed **2002**), contribute more to community service (Pratt et al. **2003**), exhibit more prosocial behaviors (Arnold **1993**) and less antisocial behaviors (Barriga et al. **2001**), and lie less in negotiations (Aquino et al. **2008**).

Therefore, moral identity research suggests that it may be beneficial to complement rule-based teaching with a moral identity focused education component. We specifically wanted to test whether this promising approach, recommended by the moral psychology literature, would

improve ethical decision making if included in formal ethics education processes in a business school.

The teaching approach we present in this study adds a procedure focused on the learner's moral identity to the rule-based content of a 12-week ethics course. Although it has been argued that moral identity requires a long time to nurture (Blasi **1993**), previous research has also developed procedures through which individuals' moral identity can be strengthened within a shorter period of time. More specifically, Aquino et al. (**2007**) provide a procedure to temporarily strengthen individuals' self-perception of moral identity and reflection on their core values through an essay writing task. We include this type of task in our procedure, as it meets the main conditions identified in the business ethics education literature as characterizing a learning environment conducive to improved ethical decision making. These conditions are: the centrality of the learner's experiences, autonomy of the learner's judgment, focus on self-directed learning, and reliance on inductive rather than deductive teaching processes (Sims and Felton **2006**). Consequently, we predict that the procedure proposed here will improve students' ethical decision making.

Our Contribution

Based on our evaluation of moral identity theory and the experiments available, we hypothesize that repeated appeal to moral identity as self-perception in relation to key moral concepts (Aquino and Reed **2002**; Aquino et al. **2007**) is likely to improve ethical decision making to a greater extent than traditional business ethics teaching approaches on their own. To our knowledge, this hypothesis has not yet been tested – which is surprising, given that educational researchers have often discussed the importance of using self-reflection in teaching ethics (Schmidt et al. **2013**; Weber et al. **2008**; Williams and Dewett **2005**) and that appeal to moral

psychology to document the role of self-reflection in ethics teaching has been encouraged for a long time (e.g., Lickona **1980**).

In designing a simple teaching procedure based on these findings, we have found this approach to be a significant leverage point, as the overall resources required to implement the new procedure were negligible when contemplated against the benefits it generated. We identified, in the teaching processes we directly observed, at least five main advantages for using the concept of moral identity to leverage ethical decision making improvements in business ethics education:

- (1) As illustrated in the following sections of our paper, the teaching activities involved tend to be relatively simple and easier to design and deliver.
- (2) These activities work on overall self-perceptions and overall personal development rather than just in relation to a specific action or situation provided by the teacher. In this respect, the learning outcomes tend to be similar to those developed by virtue ethics and character building approaches (e.g., Crossan et al. **2012**).
- (3) Moral identity focused activities have a much more personal appeal than reasoning with generalized, abstract ethical principles – a feature which is likely to enhance contextual sensitivity and responsiveness. Consequently, it has been argued that intensifying focus on the individual experiential context of the student generating the response is likely to create enhanced, longer-lasting opportunities for learning (see May et al. **2009**).
- (4) Moral identity can be informed by a variety of sources, ranging from principled reasoning and ad hoc judgement to experience (or practical wisdom), intuition and emotion (this has also been documented by Blasi **1993**; Reynolds and Ceranic **2007**; Weaver **2006**). We therefore noted that free choice of context by the learner was an important point of difference, increasing the likelihood of implicit associations most relevant to the student

within their own whole-of-life (whole-of-experience) context. The approach we propose taps into the emotional content of the subconscious to select what is most relevant, as well as to enhance the learner's internalization of the moral experience and motivation to act. The practice of implicit conceptual association can successfully activate deeper, more meaningful levels of learning (Ramsden **1991**).

- (5) The proposed procedure relies on autonomy of judgment and self-regulation. It has been shown that identity as a self-regulatory mechanism tends to enhance both judgement and motivation to act ethically (see Hannah et al. **2011**; Aquino et al. **2008**). We observed that, when no rules are externally prescribed, autonomy and motivation to act are encouraged, based on self-identity resources for learning.

Although experiments in moral identity have been developed in the study of emotions and their impact on ethical decision making in a workplace setting (Cameron and Payne **2012**; Hannah et al. **2011**; McFerran et al. **2010**; Reed et al. **2007**), limited research has been undertaken in exploring the implications of such insights from moral psychology for the learning and teaching of ethics in business schools. Our study is the first empirical study to show that moral identity focused teaching activities are likely to work better in these settings than existing procedures.

Moral Identity-Focused Teaching Procedure: Our Method

Based on Aquino et al. (**2007**), we developed an integrated series of specific tasks distributed over one semester. We asked students of a traditional business ethics course to repeatedly reflect on their moral identity, and we then tested the effect of this procedure on the students' ethical decision making, in contrast with students who were exposed to traditional, rule-based teaching methods only, as well as with students who were not exposed to any business ethics teaching at all. The details of our sample, procedures, materials and results are outlined below.

Sample and Procedures

A total of 165 postgraduate students (61% female; $M_{\text{age}}=25$, $SD=4.6$, $M_{\text{working experience}}=3.4$ years, $SD=5.2$) were recruited from a Business Ethics course in the business school of a large Australian university. There were eight sections of this course and they were randomly assigned into one of three conditions: exposure to both identity and rule-based teaching (Condition 1), where participants would be involved in both rule-based education and the moral identity strengthening procedure; exposure to rule-based teaching only (Condition 2), where participants engaged in the rule-based education and the moral identity control procedure; and exposure to no ethics teaching (Condition 3), where participants received neither rule-based education nor any of the moral identity procedures. At the beginning of semester, the authors of this paper introduced the study to the students and invited them to participate. To increase students' motivation to participate, it was announced that a \$50 lottery would be drawn and rewarded to one of the participants at the end of the semester (the lottery was drawn as promised). Due to the different number of students in each section and different numbers of sections in each condition (3, 2, 3 sections in conditions 1, 2, and 3 respectively), the final numbers of participants who gave consent and completed the study were 66, 33, and 66 in conditions 1, 2 and 3, respectively.

Technically we adopted a quasi-experimental design (Shadish et al. **2002**), and to test whether the students in different conditions are comparable it was important to examine whether they differed in their ethical decision making before being exposed to different levels of business ethics teaching. Thus, after giving consent, all participants completed a moral decision scenario (Butterfield et al. **2000**), whereby they played the role of a manager and had to decide whether or not they would hire a former employee of a major competitor to gain confidential

information and market advantage. We predicted that the participants in the three conditions would not differ in their ethical decisions in this scenario.

During the semester, the participants in Conditions 1 and 2 undertook the moral identity procedure we have previously prescribed, whereby they completed a self-reflection task and wrote about a moral trait (Condition 1) or a non-moral trait (Condition 2). This task was repeated each week for nine weeks, using a different moral or non-moral trait each time. At the end of the nine weeks the participants in Conditions 1 and 2 responded to a validated scale suitable to measure university students' ethical decisions (Detert et al. **2008**). In contrast, the participants in Condition 3 completed this scale at the beginning of the semester before they received any business teaching. All the participants also completed a suspicion detection procedure and a form reporting on their demographics. We predicted that the participants in Condition 1 would make more ethical decisions compared to those in Condition 2. We also predicted that participants in Condition 2 would make more ethical decisions compared to those in Condition 3.

Materials

Ethical Decision Scenario

In the scenario developed by Butterfield et al. (**2000**), the participants played the role of a manager in a large company and faced a hiring decision that had ethical implications. Specifically, the participants were asked to select one out of two equally qualified job candidates. One candidate, however, had previously worked for a major competitor and had expressed willingness to share critical confidential information of the competitor if he would be hired. It was made clear that this information would help put the competitor out of business and significantly enhance the competitive advantage of the manager's company. It was also

indicated in the scenario that hiring the former employee of a competitor to gain confidential information might be ethically wrong. The participants then indicated which job candidate they would like to hire. Their answers were recoded to generate an ethical decision score (0 = hire the former employee of the competitor, 1 = hire the other job candidate).

Moral Identity Procedure

The procedure developed by Aquino et al. (2007) was adapted to strengthen moral identity. Over a period of nine weeks, the participants in Condition 1 were asked to complete a self-reflection task each week, where they thought about themselves in relation to a moral trait for 60 seconds and then wrote a short essay about themselves using the respective trait at least five times. The traits they wrote about during the nine weeks are (one for each week, in chronological order): “caring”, “compassionate”, “fair”, “friendly”, “generous”, “helpful”, “hardworking”, “honest”, and “kind”. The participants in Condition 2 completed a similar series of self-reflection tasks during the nine weeks, in which they wrote about the following positive but non-moral traits (one for each week, in chronological order): “carefree”, “compatible”, “favourable”, “cheerful”, “happy”, “harmless”, “open-minded”, “respectable”, and “polite”.

Ethical Decision Making Scale

The participants completed the 8-item measure adapted from the scale developed and validated by Detert et al. (2008) on a 7-point Likert scale (1 = not at all likely, 7 = very likely). A sample item is: “You work in a fast-food restaurant in downtown Melbourne. It is against policy to eat food without paying for it. You came straight from classes and are therefore hungry. Your supervisor is not around, so you make something for yourself and eat it without paying.” The

scale demonstrated acceptable reliability ($\alpha = .71$) and the items were thus averaged to create an ethical decision score, with higher scores representing decisions that are more ethical.

Results and Discussion

As a manipulation check, the participants in Conditions 1 and 2 reported the traits in their self-reflection tasks by choosing among three sets of words: “caring, fair, friendly, generous, helpful, hardworking, honest, and kind”, “carefree, cheerful, happy, harmless, open-minded, respectable, and polite”, or “car, tree, house, river, desk, bicycle, store, and park”. All participants correctly identified the traits that corresponded with the condition they were in.

We first examined the comparability of the participants in different conditions by comparing their responses to the ethical decision scenario (i.e., the hiring decision). As predicted, the participants in Condition 1 made equally ethical decisions (61% chose to be ethical in the decision scenario by not selecting the former employee from the competitor) as both the participants in Condition 2 (64%, $\chi^2 = .18$, $p = .67$) and those in Condition 3 (64%, $\chi^2 = .24$, $p = .62$). These results suggest that the participants in the three conditions did not differ in their ethical decision making before receiving ethics teaching.

We then compared participants’ responses to the ethical decision scale. As predicted, independent sample T-tests revealed that the participants in Condition 1, who were exposed to both rule-based education and the moral identity strengthening procedure, made more ethical decisions ($M = 4.27$, $SD = .87$) than those in Condition 2, who were engaged in the rule-based education only [$M = 3.85$, $SD = .93$, $t(97) = 2.19$, $p = .03$]. In addition, the participants in Condition 2 reported more ethical decisions compared to those in Condition 3, who received neither rule-based education nor the moral identity strengthening procedure [$M = 3.49$, $SD = .81$, $t(97) = 2$, $p = .048$].

Taken together, the results suggested that the difference in teaching procedures led to different levels of ethical decision-making across conditions. This is consistent with our theorizing that moral identity focused teaching could improve students' ethical decisions above and beyond the traditional rule-based teaching. It also confirms that rule-based ethics teaching does improve ethical decision making to some extent, although not as much as when complemented by identity-focused activities. Although completely random assignment was not utilized due to practical constraints, as is the case in many other experiments conducted outside the lab (Aronson et al. **1990**), we argue that, by randomly assigning class sections to different conditions and by pre-testing participants' ethical decision making, we are confident in drawing causal inferences on the effect of moral identity focused teaching on students' ethical decision making.

General Discussion

We commenced our paper by raising the question of whether appealing to moral identity improves students' ethical decision making above and beyond the traditional rule-based teaching. To address this question, we developed a moral identity focused teaching procedure that can be added to the existing rule-based teaching procedures. While the research literature has generated mixed results for rule-based ethics teaching in improving ethical decision making, in our context the traditional approach did produce positive results. However, these results were exceeded by the addition of an identity-focused element to the existing approach. Our findings suggest that moral identity focused teaching could indeed improve students' ethical decision-making above and beyond traditional means. Therefore, current business ethics teaching practices could benefit from incorporating moral identity focused activities in order to achieve more desirable learning outcomes. This has important implications for both theory and practice, which are outlined below.

Implications for Theory and Practice

Our method helps educators to improve students' ethical decision making outcomes to a greater extent than rule-based teaching. Given that ethical decision making is a central outcome in ethics education, and that better decisions improve behavior (Sims and Felton **2006**), our research makes an important contribution to recommending effective ways to enhance business ethics teaching and learning outcomes. The teaching approach we recommend is also consistent with MacLagan's (**2012**) view that traditional rule-based teaching should be combined with teaching that focuses on "personal values, or moral identity" (p. 194) to ensure a better balance between individual, contextualized judgment and more objective (or more widely accepted) ethical principles.

In terms of altering the currently dominant business ethics teaching practices, we note three significant improvements that the moral identity focused approach can bring. First, by eliciting from the students responses that rely entirely on their own free, spontaneous selection of relevant experiential contexts based on very minimal conceptual prompts, we encourage them to connect more fully and directly with their own moral sentiments and values. By practising this form of self-reflection, students are more likely to reach more meaningful levels of learning autonomy, self-understanding, as well as ethical decision and action more generally.

Second, the repetitive nature of the activities recommended here supports the goal of habit formation through repetition or iterative processes (Ritter **2006**; Oddo **1997**). Habit formation has been consistently emphasized in business ethics research, the virtue ethics approach in particular, as a fundamental condition of ethics learning and character strengthening (Crossan et al. **2012**; Hartman **2009**; Jones et al. **2007**; Mintz **1996**).

Thirdly, allowing the students to exercise leadership in their choice of moral context to be expressed in writing tends to create a safer, more nurturing and more democratic learning environment, in which they feel empowered and also comfortable in expressing their own moral sentiments and values in response to the minimal prompt given. This sort of learning environment has been highly recommended by business ethics educationalists (e.g., Sims and Felton **2006**; Felton and Sims **2005**).

Our method does not require replacement of, or revolutionary changes to, existing teaching practices but constitutes a simple, resource-efficient addition to these practices. It represents a leverage point whose benefits far exceed its costs, taking the student to a new, deeper level of involvement in self-learning.

Limitations of the Research

One limitation of our study is that the measurement of students' ethical decision-making performance did not extend beyond the end of the semester. Hence, we were not able to test whether the effect of moral identity focused activities would continue to influence the students' ethical decision-making after a longer period of time. This is a legitimate concern given the doubts cast by researchers and industry practitioners alike on the ability of formal business ethics education to make a lasting difference (Schmidt et al. **2013**; Davis and Welston **1991**; Etzioni **2002**). However, we believe that moral identity focused teaching should lead to long lasting changes in students' ethical decision-making because it strengthens students' moral self-concept, which has been argued to consistently influence behavior in the long term (Blasi **1993**, **2005**). Future research could test this prediction with a longitudinal study where participants' ethical decision-making will be assessed repeatedly over an extended timeframe (e.g., from 1 to 5 years). This research would also be useful to identify nominal timeframes

when new ethics education and/or training programs may be needed to encourage moral self-reflection and self-regulation.

Second, we measured ethical decision-making with hypothetical scenarios, which might not be equivalent to the participants' actual behaviors when confronted with similar ethical situations. Although behavioral intentions in hypothetical scenarios are widely used to measure ethical decision-making (Kish-Gephart et al. **2010**), it is important to replicate our effect with a behavioral measure of ethical decision-making. This would inspire more confidence in the validity of our findings. Given the experimental nature of this study, future research could consider replicating it with behavioral laboratory games such as the cheating game (Gneezy **2005**).

Third, our sample includes only postgraduate students, whose self-identity may be more developed and thus easier to reflect on compared to younger, undergraduate students. It is yet unknown whether the moral identity focused activities that we developed would be as effective in undergraduate business ethics classes. In our defence, it has been found that Master students, undergraduates, and high school students do not differ significantly in moral identity strength (Aquino and Reed **2002**). This suggests that moral identity focused teaching may also be effective in enhancing the ethical decision-making of undergraduate students. Furthermore, as previously tested (Abdolmohammadi and Reeves **2000**), reflection on personal values at a younger age may have a more enduring formative effect.

Suggestions for Further Research

In addition to addressing the limitations of the current studies, there are also some promising directions that future research can take. First of all, future research could test whether moral identity focused teaching could lead to other positive teaching outcomes in addition to students'

improved ethical decision-making, such as more prosocial behavior in class (e.g., helping take notes for students who are absent due to health reasons) and higher student self-esteem and self-efficacy. Research has yielded evidence that, in daily life, individuals higher in moral identity are more likely to engage in prosocial behaviors such as helping and giving to charity (Shao et al. **2008**). Thus, it is possible that students who receive moral identity focused teaching would also be more likely to engage in such behaviors towards other students in class. Research has also shown that a clearer perception about one's self-identity is associated with higher self-esteem and self-confidence (Campbell **1990**; Campbell et al. **1996**). We argue that the series of self-reflection tasks in our moral identity focused teaching procedure could help students clarify their identity, which may in turn lead to increased self-esteem and self-efficacy. Indeed, the teachers of the programs researched in this study received feedback from the sample students about their interest in the self-reflection tasks and how it helped them clarify their self-conception. Future research could empirically test the hypothesis that increasing reference to moral self-identity leads to an increase in self-esteem and self-efficacy.

Second, although our moral identity focused teaching procedure has been shown to be effective in improving students' ethical decision-making, we acknowledge that this procedure can still be further developed to improve its effectiveness. Our procedure is based on the conceptualization of moral identity from a social-cognitive perspective (Shao et al. **2008**), and the theory of moral identity formation (Atkins et al. **2004**) has proposed that certain elements can be added to this procedure to make it more effective in nurturing students' moral identity. Specifically, Atkins and colleagues have suggested that elements such as interacting with moral exemplars, receiving social support, opportunities for enactment of moral behavior, and the overall moral environment in the school can all contribute to the development of students' moral identity. It is thus suggested that these elements could be adapted and integrated into our moral identity focused teaching procedure (e.g., inviting moral exemplars to talk about their

experiences in class, asking students to do a small good deed every week, etc.) to further enhance its effectiveness.

Conclusion

Improving business students' ethical decisions has been shown to be difficult. This paper suggests that this difficulty can be addressed by adding moral identity focused teaching to the traditional rule-based teaching. We thus recommend that this teaching procedure be integrated as a constant feature in business education programs. We also believe that paying more attention to moral identity would be a fruitful direction for business ethics education theorists and practitioners.

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